Calendar No. 466

84TH CONGRESS, 1st Session | SENATE | REPORT No. 463

AMENDING VETERANS REGULATION NO. 7 (A) TO CLARIFY THE ENTITLEMENT OF VETERANS TO OUTPATIENT DENTAL CARE

JUNE 6 (legislative day, MAY 2), 1955.—Ordered to be printed

Mr. LEHMAN, from the Committee on Labor and Public Welfare, submitted the following

REPORT

[To accompany H. R. 5100]

The Committee on Labor and Public Welfare, to whom was referred the bill (H. R. 5100) to amend Veterans Regulation No. 7 (a) to clarify the entitlement of veterans to outpatient dental care, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The House report on this bill is self-explanatory and is as follows:

BACKGROUND OF THIS LEGISLATION

The second independent offices appropriation bill, 1954, H. R. 5690 (Public Law 149, 83d Cong.), as reported to the House on June 11, 1953, carried the following proviso in regard to outpatient dental care provided by the Veterans' Administration: "*Provided*, That no part of this appropriation shall be available for outpatient dental care and treatment, or related dental appliances, when the dental condition or disability being treated is not compensable, unless such condition or disability is shown to have been in existence at time of discharge and application for treatment is made within one year after separation from service, or one year after the enactment of this Act, whichever is later: *Provided further*, That when any such noncompensable dental condition or disability has once been corrected, additional care and treatment therefor may not be provided."

During the debate on the bill on June 17, 1953, the gentleman from Michigan, Mr. Ford, offered a substitute for this language which was somewhat more liberal than the provision voted by the Appropriations Committee. This amendment was carried after a brief debate and provided as follows: "*Provided*, That no part of this appropriation shall be available for outpatient dental services and treatment, or related dental appliances with respect to a service-connected dental disability which is not compensable in degree unless such condition or disability is shown to have been in existence at time of discharge and application for treatment is made within 2 years after separation from active service, or 1 year after enactment of this Act, whichever is later: *Provided*, That this limitation shall not apply to adjunct outpatient dental services or appliances for any dental condition associated with and held to be aggravating disability from some other service-incurred or service-aggravated injury or disease."

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When the Senate Appropriations Committee reported the bill on July 8, 1953, the proviso regarding outpatient dental treatment had been amended to read as follows: "*Provided*, That no part of this appropriation shall be available for outpatient dental services and treatment, or related dental appliances with respect to a service-connected dental disability which is not compensable in degree unless such condition or disability is shown to have been in existence at time of discharge and application for treatment is made within one year after enactment of this Act: *Provided*, That this limitation shall not apply to adjunct outpatient dental services or appliances for any dental condition associated with and held to be aggravating disability from some other service-incurred or service-aggravated injury or disease."

The effect of this proviso as reported in the Senate, as passed by the Senate on July 10, 1953, and accepted by the conferees was to materially tighten existing criteria regarding entitlement to outpatient dental care. From information presented to this committee by officials of the Veterans' Administration it appeared that one result was to bar the great majority of the veterans of the Spanish-American War from getting outpatient dental treatment, as provided for in Public Law 791 of the 81st Congress. In addition, it excluded certain cases of veterans in training under Public Law 16 of the 78th Congress, as amended and extended, which provides for education and training for service-connected disabled veterans of both World War II and Korea. Under that law a man undergoing training under the provisions of Public Law 16 would otherwise be entitled to outpatient dental treatment to avoid interruption of his training without any requirement that the outpatient dental care be for a service-connected condition. The committee reported H. R. 6412 on July 23, 1953, to meet this situation. This measure became Public Law 494, 83d Congress, July 15, 1954.

When H. R. 8583, independent offices appropriation bill, 1955, was reported on March 26, 1954, it contained the following proviso: "*Provided*, That no part of this appropriation shall be available for outpatient dental services and treatment, or related dental appliances with respect to a service-connected dental disability which is not compensable in degree unless such condition or disability is shown to have been in existence at time of discharge and application for treatment is made within one year after discharge or by July 27, 1954, whichever is later: *Provided*, That this limitation shall not apply to adjunct outpatient dental services or appliances for any dental condition associated with and held to be aggravating disability from some other service-incurred or service-aggravated injury or disease."

The above language was stricken from the bill on a point of order. The following amendment submitted as a limitation was rejected on March 31, 1954: "*Provided*, That no part of this appropriation shall be available for outpatient dental services and treatment, or related dental appliances with respect to a service-connected dental disability which is not compensable in degree where such condition or disability is not shown to have been in existence at time of discharge and application for treatment is made within 1 year after discharge or by July 27, 1954, whichever is later."

The Senate Committee on Appropriations approved the following proviso which was adopted by the Senate on May 19, 1954: "*Provided*, That no part of this appropriation shall be available for outpatient dental services and treatment, or related dental appliances with respect to a service-connected dental disability which is not compensable in degree unless such condition or disability is shown to have been in existence at time of discharge and application for treatment is made within 1 year after discharge or by March 31, 1955, whichever is later: *Provided further*, That this limitation shall not apply to adjunct outpatient dental services or appliances for any dental condition associated with and held to be aggravating disability from such other service-incurred or service-aggravated injury or disease."

This amendment was reported in disagreement by the conference committee. The House on June 16, 1954, agreed to concur in the Senate amendment with an amendment which set the date at December 31, 1954, leaving the remainder of the "rider" unchanged. This was approved by the Senate on June 17, 1954.

Language to provide the 1-year limitation is included in the 1956 budget.

EXPLANATION OF THE BILL

This bill provides that outpatient dental service and treatment or related dental applicances shall be furnished by the Veterans' Administration only if the dental condition is (1) service-connected and of compensable degree or (2) is service-connected and shown to have been in existence at the time of the discharge and application is made within 1 year after discharge, or by December 31, 1954,

whichever is the later, or (3) is a service-connected dental condition or disability due to combat wounds or other service trauma or a former prisoner of war; or (4) is associated with and aggravating a disability from some other disease or injury which was incurred in or aggravated by service; (5) of a veteran of the Spanish-American War; (6) of veterans actually taking training under Public Law 16, 78th Congress, which relates to rehabilitation of veterans of World War II and the Korean conflict period with service-connected disabilities.

It is further provided that the benefits indicated for the veterans subject to point 2 above shall be on a one-time completion basis only unless the services rendered on this basis are found unacceptable within the limitations of good professional standards, in which event additional limited services may be afforded as required to complete professionally acceptable treatment.

Section 2 of the bill repeals the provisos in Public Law 428 of the 83d Congress (Independent Offices Appropriation Act, 1955) enumerated above. Hearings were held on similar legislation on two different occasions by the full Committee on Veterans' Affairs during the 83d Congress and by a subcommittee during the 84th Congress. Representatives of the veterans' organizations were heard as well as the American Dental Association and the Veterans' Administration.

It is believed that legislation of this type should be placed on a permanent basis and should emanate from this committee rather than being controlled as a rider from the Committee on Appropriations.

In view of the amendment of the committee reducing the time for application from 2 years to 1 year and conforming to the recommendation of the Veterans' Administration and the Bureau of the Budget, no additional cost will accrue as a result of the enactment of this legislation other than that already budgeted in the 1956 budget. By this amendment, and as indicated in the report of the Veterans' Administration which follows, this legislation is favored by the Veterans' Administration and the Bureau of the Budget.

The report of the Veterans' Administration on this bill is as follows:

MAY 12, 1955.

Hon. LISTER HILL,
Chairman, Committee on Labor and Public Welfare,
United States Senate, Washington 25, D. C.

DEAR SENATOR HILL: Reference is made to your request for a report by the Veterans' Administration on H. R. 5100, 84th Congress, an act to amend Veterans Regulation No. 7 (a) to clarify the entitlement of veterans to outpatient dental care, which passed the House of Representatives on April 18, 1955.

The purpose of the bill is to provide that outpatient dental services and treatment and related dental appliances shall be furnished only for any dental condition or disability (1) which is service-connected and compensable in degree; (2) which is service-connected, shown to have been in existence at time of discharge or release from active service, and application for treatment is made within 1 year after discharge or release, or by December 31, 1954, whichever last occurs; (3) which is a service-connected dental condition or disability due to combat wounds or other service trauma or of a former prisoner of war; (4) which is associated with and is aggravating disability from some other disease or injury which was incurred in or aggravated by active service; or (5) of a veteran of the Spanish-American War (including the Boxer Rebellion and the Philippine Insurrection).

The bill would also provide as to the noncompensable service-connected dental disabilities described in clause (2) above that benefits afforded shall be on a one-time completion basis, unless the services rendered on a one-time basis are found unacceptable within the limitations of good professional standards, in which event such additional limited services as required to complete professionally acceptable treatment may be afforded. In addition, the limitations in the 1955 Appropriation Act, quoted below, would be repealed and provision would be made for furnishing necessary outpatient dental services for veterans undergoing vocational rehabilitation training under Public Law 16, 78th Congress, as amended and extended.

The Independent Offices Appropriation Act, 1955 (68 Stat. 291), in provisos to the item "outpatient care" under the caption "Veterans' Administration" contains the following limitation on outpatient dental treatment for application during fiscal year 1955:

"*Provided*, That no part of this appropriation shall be available for outpatient dental services and treatment, or related dental appliances with respect to a service-connected dental disability which is not compensable in degree unless such condition or disability is shown to have been in existence at time of discharge and application for treatment is made within one year after discharge or by Dec-

ember 31, 1954, whichever is later: *Provided further*, That this limitation shall not apply to adjunct outpatient dental services or appliances for any dental condition associated with and held to be aggravating disability from such other service-incurred or service-aggravated injury or disease."

The Second Independent Offices Appropriation Act, 1954, approved July 27, 1953 (67 Stat. 191), contained similar restrictions for application during fiscal year 1954. That act limited the time for filing application to 1 year after July 27, 1953. Thus it appears that, as far as the provision of necessary funds for outpatient dental care in noncompensable cases is concerned, the Congress in 2 successive years has expressed an intent that while such care would not be denied, the veteran recipients would be expected to make application within the time limit prescribed.

The independent offices appropriation bill, 1956 (H. R. 5240 84th Cong.), as introduced, contained a provision similar to the aforementioned and proposed to appropriate the sum of $11,500,000 for outpatient fee basis dental care. The restrictive provision was stricken on a point of order and as passed by the House of Representatives the bill contains no such restrictive provision. The amount proposed to be appropriated for this purpose, however, was not increased. It may be noted that should the Independent Offices Appropriation Act, 1956, be enacted with no restrictions on outpatient dental care in the case of noncompensable service-connected dental disabilities and should permanent legislation such as contained in the subject bill not be enacted, the funds proposed to be appropriated would not be sufficient to administer the program.

With the exceptions noted the subject bill would enact into permanent law the requirements that a noncompensable service-connected dental disability be in existence at discharge and that application be made within 1 year after discharge or by December 31, 1954, whichever last occurs.

The bill would also enact into permanent law provisions contained in Veterans' Administration Regulation (Circular No. 22, 1954) relative to the general restriction of dental treatment in noncompensable service-connected cases to a one-time completion basis.

The existing directives of the Veterans' Administration, as set forth in Circular No. 22, 1954, provide that upon one-time completion of dental treatment authorized no further outpatient dental treatment may be furnished unless the services rendered on a one-time basis are found unacceptable within the limitations of good professional standards. An exception to the mentioned one-time treatment limitation is made in the case of service-connected noncompensable dental conditions or disabilities resulting from combat wounds or service trauma and in the case of beneficiaries with prisoner of war status. In these cases, although initial application must be filed within the prescribed time limit, recurring episodes of treatment may be furnished. The subject bill would eliminate the requirement that applications in cases falling within these two categories be filed within a prescribed time limit.

It is noted that the bill includes provisions relative to veterans of the Spanish-American War group and to disabled veterans of World War II and the Korean conflict period who are pursuing vocational rehabilitation training under Public Law 16, 78th Congress, as amended and extended.

It should be stated that, in general, the dental disabilities of veterans of the Spanish-American War group are not compensable and because of the absence of applicable service records it is impossible in substantially all of these cases to establish that a particular dental condition existed at the time of discharge.

Disabled veterans of World War II and the Korean conflict period who are pursuing vocational rehabilitation training under Public Law 16, 78th Congress, as amended and extended, may receive outpatient treatment in order to prevent interruption of their training or hasten return thereto. The purpose of vocational rehabilitation is to restore employability lost by virtue of a handicap due to service-incurred disability, and medical care and treatment, including dental care, have been furnished in consonance with the basic purpose of the law and pursuant to section 3, Public Law 16, 78th Congress, as amended, irrespective of whether the condition be service-connected, compensable, or non-service-connected.

As the committee is aware, the mentioned limitations on outpatient dental care were lifted in respect to the Spanish-American War and Public Law 16 cases with the enactment of Public Law 494, 83d Congress, an act to preserve the eligibility of certain veterans to dental outpatient care and dental appliances, approved July 15, 1954.

Following enactment of Public Law 494, Veterans' Administration Regulations (Circular No. 22, 1954) were amended to provide as to these two categories that

there are no restrictions as to the date the applications are filed or to recurring episodes of needed treatment.

It is estimated that the enactment of H. R. 5100 as passed by the House of Representatives would require a fee basis expenditure in fiscal year 1956 of approximately $17,046,000. It is also estimated that the fee basis expenditures for fiscal years 1957, 1958, 1959, and 1960 would be approximately $7,777,000, $5,933,000, $4,432,000, and $3,672,000, respectively.

These cost estimates were prepared on the basis of the first 10 months of fiscal year 1955 actual experience and, because of this new experience, are somewhat higher proportionately than prior estimates based on experience for the first 6 months of that fiscal year. Had experience for the first 10 months been available at the time the Veterans' Administration reported to the House of Representatives on the bill as introduced estimates for fee basis expenditures would have been $19,111,000 for fiscal year 1956, $11,206,000 for fiscal year 1957, $8,838,000 for fiscal year 1958, $6,710,000 for fiscal year 1959, and $4,939,000 for fiscal year 1960.

In arriving at the estimates the approximate number of servicemen entering the veteran population in these years has been estimated and experience factors used to determine the probable number of initial applications, the extent of their eligibility, and the resultant costs for this group.

The subject of outpatient dental treatment has been given very careful consideration by the Veterans' Administration. The whole program has been reviewed in the light of administrative and professional developments and experience in this field and it is believed the requirement of application within 1 year after discharge and the restriction of treatment to a one-time basis in noncompensable service-connected cases reflect generally a sound and proper evaluation of the Government's dental program for veterans. The Veterans' Administration recommends that the bill be favorably considered by the committee.

Advice has been received from the Bureau of the Budget in connection with a substantially similar report to the House Committee on Veterans' Affairs on H. R. 5100, 84th Congress, as introduced, that there would be no objection to the submission of such report and that it would favor the proposed legislation, if revised to reflect the changes which were thereafter adopted in the bill as it was reported and as it passed the House.

Sincerely yours,

H. V. HIGLEY, *Administrator.*

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

VETERANS REGULATION NO. 7 (a)

ELIGIBILITY FOR MEDICAL CARE

I. The Administrator of Veterans' Affairs, within the limits of Veterans' Administration facilities, is authorized in his discretion to furnish to honorably discharged veterans of any war, including the Boxer Rebellion and the Philippine Insurrection, and to men honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty, such medical, surgical, and dental services as may be found to be reasonably necessary for diseases or injuries incurred or aggravated in the line of duty in the active military or naval service. Such persons may also be furnished with such supplies including dental appliances, wheel chairs, artificial limbs, trusses, and similar appliances, including special clothing made necessary by the wearing of prosthetic appliances, as the Administrator of Veterans' Affairs may determine to be useful and reasonably necessary, which dental appliances, wheel chairs, artificial limbs, trusses, special clothing, and similar appliances may be procured by the Veterans' Administration in such manner, either by purchase or manufacture, as the Administrator of Veterans' Affairs may determine to be advantageous and reasonably necessary.

II. Outpatient dental services and treatment, and related dental appliances, shall be furnished under this regulation only for any dental condition or disability—

(1) which is service connected and compensable in degree;

(2) which is service connected and is shown to have been in existence at time of discharge or release from active service, but only if application for treatment is made within one year after discharge or release, or by December 31, 1954, whichever last occurs;

(3) which is a service-connected dental condition or disability due to combat wounds or other service trauma or of a former prisoner of war;

(4) which is associated with and is aggravating disability from some other disease or injury which was incurred in or aggravated by active service; or

(5) of a veteran of the Spanish-American War (including the Boxer Rebellion and the Philippine Insurrection): Provided, That benefits afforded under clause (2) shall be on a onetime completion basis, unless the services rendered on a onetime basis are found unacceptable within the limitations of good professional standards, in which event such additional services may be afforded as are required to complete professionally acceptable treatment.

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Calendar No. 467

84TH CONGRESS, 1st Session | SENATE | REPORT No. 464

AMENDING THE SERVICEMEN'S READJUSTMENT ACT OF 1944, SO AS TO AUTHORIZE LOANS FOR FARM HOUSING TO BE GUARANTEED OR INSURED UNDER THE SAME TERMS AND CONDITIONS AS APPLY TO RESIDENTIAL HOUSING

JUNE 6 (legislative day, MAY 2), 1955.—Ordered to be printed

Mr. LEHMAN, from the Committee on Labor and Public Welfare, submitted the following

REPORT

[To accompany H. R. 5106]

The Committee on Labor and Public Welfare, to whom was referred the bill (H. R. 5106) to amend the Servicemen's Readjustment Act of 1944, so as to authorize loans for farm housing to be guaranteed or insured under the same terms and conditions as apply to residential housing, having considered the same, report favorably thereon without amendment, and recommend that the bill do pass.

BACKGROUND OF THE BILL

Under the Servicemen's Readjustment Act as originally enacted (Public Law 346, 78th Cong., approved June 22, 1944), the rate of guaranty on all eligible loans was placed at 50 percent of the amount of the loan, with a maximum guaranty of $2,000. This maximum was liberalized in the case of real-estate loans to 50 percent but not exceeding $4,000, by Public Law 268, 79th Congress, approved December 28, 1945.

Section 501 (b) of the Servicemen's Readjustment Act, which was added by section 301 (d) of the Housing Act of 1950 (Public Law 475, 81st Cong., approved April 20, 1950), and amended by section 613 (b) of the Defense Housing and Community Facilities and Services Act of 1951 (Public Law 139, 82d Cong., approved September 1, 1951), increased the amount of the Veterans' Administration guaranty to 60 percent but not to exceed $7,500, subject to deduction of guaranty entitlement properly chargeable for real-estate purposes on account of prior loans, on any loan for the purchase or construction of a house in any case where the eligible veteran had not, subsequent to the enact-

ment of Public Law 475, availed himself of his eligibility for the purpose of securing a guaranteed loan to purchase or construct a house. Section 501 (b) was further amended by section 803 of the Housing Act of 1954 (Public Law 560, 83d Cong., approved August 2, 1954) so as to make an aggregate maximum guaranty of $7,500, but not over 60 percent of a loan, available to all eligible veterans for loans to purchase, construct, or repair, alter, or improve a home. This amendment removed the requirement of Public Law 139, 82d Congress, which had limited the higher guaranty to eligible veterans who had not availed themselves of eligibility for home-loan purposes subsequent to the enactment of Public Law 475, 81st Congress, approved April 20, 1950.

Although the maximum guaranty for an eligible veteran was increased from $4,000 to $7,500, as stated above, it was for the purchase or construction of residential property to be occupied as his home and did not extend the increased provisions to the purchase or construction of a farm and a farm residence to be occupied as his home. In other words, the laws do not place the veteran who wishes to use his GI entitlement to purchase a farm and a farm residence on comparable terms with a veteran who wishes to buy urban residential property.

There has been a drastic decline in the number of farm loans made to veterans under the provisions of the Servicemen's Readjustment Act, as amended. Since 1947 the VA-guaranteed farm loans have declined from 19,862 loans in 1947 to only 1,432 loans in 1954. From the initiation of the loan-guaranty program through December 25, 1954, the total farm loans closed was only 66,957 as compared to 3,607,000 home loans.

The testimony heard during the hearings on this matter by the committee shows that to date the veteran wishing to purchase a farm and a farm residence to be occupied as his home has not had equal benefits under the law with the veteran purchasing other types of property for residential purposes. All those heard strongly urged that the necessary law be enacted to place both the city veteran and the farm veteran on comparable terms. The Veterans' Administration is in favor of this general purpose.

This bill accomplishes the result of placing all veterans on a comparable basis, whether they desire to buy or build a home on a farm or on a lot in a city.

EXPLANATION OF THE BILL BY SECTIONS

The bill amends section 501 of the Servicemen's Readjustment Act of 1944 (38 U. S. C., sec. 694a) by adding a new subsection (c). This new subsection is broken down into four parts and provides that, notwithstanding section 502 of this title, but subject to paragraphs (1), (2), and (3) of subsection (a) of the section amended, any loan to a veteran under this title may be guaranteed if the proceeds thereof will be used for any of the following purposes:

(1) to purchase a farm on which there is a farm residence to be occupied by the veteran as his home,

The intent of this is apparent in that it provides that a veteran can purchase a farm on which there is an existing farm residence to be occupied by the veteran as his home. Under this section in the case

of a veteran buying an improved farm, the guaranty would go, not only to the purchase of the farm and residence, but to all other buildings which are considered a part of the realty.

(2) to construct on land owned by the veteran a farm residence to be occupied by him as his home, or

The intent of this is to provide a veteran with the facilities for constructing a residence on a farm owned by him and to be occupied by him as his home. This would include the farm residence, garage, utilities, and necessary appurtenances thereto, together with landscaping, in order to provide a completed dwelling unit on the farm.

(3) to repair, alter, or improve a farm residence owned by the veteran and occupied by him as his home.

The intent of this is to provide the veteran with a guaranteed loan for repair, alterations, or improvements to a farm residence; these repairs, alterations, and improvements would extend to the utilities, garage, and the residence itself. Such repairs, alterations and improvements, would be subject to the same requirement of protecting or improving the basic livability or the utility of the property involved, as is presently applicable to urban residences.

The bill also provides that in case there is an indebtedness which is secured by a lien against the land owned by the veteran, the proceeds of a loan for the construction of a farm residence on such land may be expended also to liquidate such lien, but only if the reasonable value of the land is equal to or in excess of the amount of the lien. This provides a veteran with the same facilities under this act as the veteran who owns or has an equity in a lot on which he wishes to build a home.

Section 2 of the bill makes applicable the provisions of subsection (b) of section 501 to the new subsection (c), including the $7,500—60 percent maximum.

COSTS

The Veterans' Administration has indicated that in all probability a modest increase of applications for a loan for benefits under this new subsection can be anticipated, but that it is believed that this volume distributed among the 67 Veterans' Administration regional offices could be absorbed with no appreciable increase in administrative costs. Further, that a small increase in contingent liability of the Government would also result, but such increase would be relatively insignificant in contrast to the increases that are expected to result from future home-loan activities. No additional appropriation will be required as a result of the enactment of this bill.

The report of the Veterans' Administration follows:

MAY 6, 1955.

HON. LISTER HILL,
Chairman, Committee on Labor and Public Welfare,
United States Senate, Washington 25, D. C.

DEAR SENATOR HILL: Further reference is made to your request for a report by the Veterans' Administration on H. R. 5106, 84th Congress, an act to amend the Servicemen's Readjustment Act of 1944, so as to authorize loans for farm housing to be guaranteed or insured under the same terms and conditions as apply to residential housing. H. R. 5106 was passed by the House of Representatives on April 18, 1955.

The purpose of this measure is to place the guaranty of farmhouse loans on a parity with that for home loans under section 501 of the Servicemen's Readjustment Act. To this end the measure would amend section 501 (b) and add a new

subsection 501 (c) to the act so as to raise the present maximum guaranty of 50 percent but not over $4,000, to 60 percent but not over $7,500, on loans to veterans for the purpose of purchasing a farm with a farmhouse, constructing a farmhouse on land owned by the veteran, or repairing, altering, or improving a farmhouse owned by the veteran, provided that in each instance the farmhouse is to be occupied by the veteran as his home. It is also provided that if there is an indebtedness on land owned by the veteran the proceeds of a loan to construct a farmhouse thereon may be used also to liquidate the lien securing the indebtedness if such indebtedness does not exceed the reasonable value of the property.

Under the Servicemen's Readjustment Act as originally enacted (Public Law 346, 78th Cong., approved June 22, 1944), the rate of guaranty on all eligible loans was placed at 50 percent of the amount of the loan, with a maximum guaranty of $2,000. This maximum was liberalized in the case of real-estate loans to 50 percent but not exceeding $4,000, by Public Law 268, 79th Congress, approved December 28, 1945.

Section 501 (b) of the Servicemen's Readjustment Act, which was added by section 301 (d) of the Housing Act of 1950 (Public Law 475, 81st Cong., approved April 20, 1950), and amended by section 613 (b) of the Defense Housing and Community Facilities and Services Act of 1951 (Public Law 139, 82d Cong., approved September 1, 1951), increased the amount of the Veterans' Administration guaranty to 60 percent but not to exceed $7,500, subject to deduction of guaranty entitlement properly chargeable for real-estate purposes on account of prior loans, on any loan for the purchase or construction of a house in any case where the eligible veteran had not, subsequent to the enactment of Public Law 475, availed himself of his eligibility for the purpose of securing a guaranteed loan to purchase or construct a house. Section 501 (b) was further amended by section 803 of the Housing Act of 1954 (Public Law 560, 83d Cong., approved August 2, 1954) so as to make an aggregate maximum guaranty of $7,500, but not over 60 percent of a loan, available to all eligible veterans for loans to purchase, construct, or repair, alter or improve a home. This amendment removed the requirement of Public Law 139, 82d Congress, which had limited the higher guaranty to eligible veterans who had not availed themselves of eligibility for home loan purposes subsequent to the enactment of Public Law 475, 81st Congress, approved April 20, 1950.

Compared to the number of home loans guaranteed, the volume of farm loans has always been very small. From the initiation of the loan guaranty program through March 25, 1955, the total number of farm loans closed was 67,492 as compared to 3,766,970 home loans. There has, moreover, been a long and protracted decline in the availability of GI farm loans. For example, the volume of farm loans closed under that section has decreased quite steadily from a peak of 19,862 with a principal amount of $77.7 million in 1947 to 1,432 with a principal amount of $6.5 million in 1954. In view of the reduced effectiveness of the farm loan-guaranty program as a result of the increase in real-estate values since World War II, the Veterans' Administration believes it desirable that the present disparity between the guaranty protection afforded to lenders providing GI home loans and those providing farm loans under section 502 of the Servicemen's Readjustment Act be eliminated. It seems likely that the placing of the guaranty on farm realty loans on a parity with that for home loans would make some additional mortgage capital available and enable a certain number of veterans to obtain financing which is presently unavailable to them.

The proposed legislation, however, would not increase the maximum guaranty on farm realty loans generally but would in effect restrict the increase in guaranty provided therein to "farmhouse" loans. Accordingly, loans for the construction of a barn, silo, or other outbuilding necessary to the operation of a farm would still be subject to the present guaranty limit of 50 percent of the loan, but not over $4,000, although a loan for the purchase of a farm with a farmhouse would be entitled to the increased guaranty maxima notwithstanding the fact that the property purchased might include the customary outbuildings. The present maximum of 50 percent, but not to exceed $2,000, would continue to be applicable in connection with nonrealty such as loans for the purchase of livestock, equipment, and the like.

The intention of the measure to increase the guaranty for farm residential property only and not for farm service buildings or non-real-estate items would present certain administrative problems. In those cases in which the veteran desires to obtain a loan to finance the construction or improvement of farm service buildings as well as a farm residence, there would be uncertainty with respect to the amount of guaranty permissible where the veteran and the lender desire to make a single loan rather than make separate loans. If, for example, the veteran wishes to borrow $4,000 to improve the farm residence and $1,000 to improve the farm

service structures, or a total of $5,000, it would appear necessary to treat such loan as the equivalent of two separate loans for guaranty purposes. Thus, in the absence of a specific provision in the law permitting the issuance of a combined guaranty (in the instant case, of $2,900 or 58 percent of the combined loan of $5,000), or permitting loans for the improvement of farm structures to be guaranteed on the same basis as loans for the improvement of the farm residence, it would appear incumbent on the Veterans' Administration to issue a 60 percent ($2,400) guaranty on the $4,000 portion of the loan and a 50 percent ($500) guaranty on the $1,000 portion of the loan.

If different portions of the same loans are to be guaranteed on different percentage bases, a further question would arise as to the amount of guaranty entitlement available in connection with the respective portions of a combination loan. If, for example, the borrower desires $8,000 to construct a farm residence and $2,000 to improve service outbuildings, a 60 percent guaranty of the $8,000 portion of the loan would exhaust the veteran's entitlement for nonresidential purposes, unless the lender and the veteran specifically indicated to the Veterans' Administration that some other basis of guaranty was desired; for example, $3,500 on the farm residence portion of the loan and $500 on the other portion, or $3,000 on the farm residence and $1,000 on the balance.

It will thus be seen that the allocation of varying percentages of guaranty to different portions of a loan would present considerable administrative complexities. The splitting of a loan into portions for guaranty purposes might also result in a decision by the lender to make two separate loans, involving additional processing and possibly additional expense to the veteran.

It should be noted that under the bill paragraphs 1, 2, and 3 of subsection 501 (a) are explicitly made applicable to loans provided under the new subsection 501 (c). Accordingly, veterans obtaining loans closed under the new subsection would be required to meet the provisions of paragraph (2) of section 501 (a) which requires that the veteran be a satisfactory credit risk and that the nature and condition of the property be suitable for dwelling purposes. It should also be pointed out in this connection that the provisions of section 504 (b) of the Servicemen's Readjustment Act relating to minimum property requirements would apparently be applicable to the farm residential loans which would be authorized under the provisions of the proposed subsection 501 (c).

As your committee is undoubtedly aware, another approach to the problem of inadequate mortgage credit in rural areas is contained in the voluntary home mortgage credit program of title VI of the Housing Act of 1954. This program was recently organized and it is still too early to determine to what extent it will facilitate the flow of housing funds into remote areas and small communities.

No figures are available on which to base an estimate as to the cost of this legislation, if enacted. In all probability, however, the increased volume of farmhouse loan activity which would result from the new maximum guaranty could be absorbed among the 67 Veterans' Administration regional offices with no appreciable increase in administrative costs. The small increase in contingent liability to the Government as the result of the enactment of this measure would be relatively insignificant in comparison with the increases expected to result from future home loan activities.

As indicated above, the Veterans' Administration views with favor legislation designed to place the guaranty of farm realty loans on a par with that for home loans. The proposed legislation which would increase the guaranty on certain farm residential loans would reduce the present disparity in guaranty to a substantial degree and to this extent would be regarded as desirable. However, full parity as between home and farm realty loans might be preferable.

Advice has been received from the Bureau of the Budget that there would be no objection to the submission of this report to your committee.

Sincerely yours,

H. V. HIGLEY, *Administrator.*

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 501, PUBLIC LAW 346, 78TH CONGRESS, AS AMENDED

PURCHASE OR CONSTRUCTION OF HOMES

SEC. 501 (*38 U. S. C. 694a*). (a) Any loan made to a veteran under this title, the proceeds of which are to be used for purchasing residential property or constructing a dwelling to be occupied as his home or for the purpose of making repairs, alterations, or improvements in property owned by him and occupied as his home, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

(1) That the proceeds of such loan will be used for payment of the property purchased or constructed or improved;

(2) That the contemplated terms of payment required in any mortgage to be given in part payment of the purchase price or the construction cost bear a proper relation to the veteran's present and anticipated income and expenses, and the veteran is a satisfactory credit risk; and that the nature and condition of the property is such as to be suitable for dwelling purposes; and

(3) That the price paid or to be paid by the veteran for such property or for the cost of construction, repairs, or alterations does not exceed the reasonable value thereof as determined by proper appraisal made by an appraiser designated by the Administrator.

(b) Any loan made to a veteran for the purposes specified in subsection (a) *or subsection (c)* of this section 501 may, notwithstanding the provisions of subsection (a) of section 500 of this title relating to the percentage or aggregate amount of loan to be guaranteed, be guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding 60 per centum of the loan; *Provided*, That the aggregate amount of any guaranties to a veteran under this title shall not exceed $7,500, nor shall any gratuities payable under subsection (c) of section 500 of this title exceed the amount which is payable on loans guaranteed in accordance with the maxima provided for in subsection (a) of section 500 of this title: *And provided further*, That no such loan for the repair, alteration, or improvement of property shall be insured or guaranteed under this Act unless such repair, alteration, or improvement substantially protects or improves the basic livability or utility of the property involved.

(c) Notwithstanding section 502 of this title, but subject to paragraphs (1), (2), and (3) of subsection (a) of this section, any loan made to a veteran under this title may be guaranteed if the proceeds thereof will be used for any of the following purposes:

(1) to purchase a farm on which there is a farm residence to be occupied by the veteran as his home,

(2) to construct on land owned by the veteran a farm residence to be occupied by him as his home, or

(3) to repair, alter, or improve a farm residence owned by the veteran and occupied by him as his home.

If there is an indebtedness which is secured by a lien against land owned by the veteran, the proceeds of a loan for the construction of a farm residence on such land may be expended also to liquidate such lien, but only if the reasonable value of the land is equal to or in excess of the amount of the lien.

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Calendar No. 468

84TH CONGRESS, 1st Session | SENATE | REPORT No. 465

AUTHORIZING THE ADMINISTRATOR OF VETERANS' AFFAIRS TO RECONVEY TO RICHLAND COUNTY, S. C., A PORTION OF THE VETERANS' ADMINISTRATION HOSPITAL RESERVATION, COLUMBIA, S. C.

JUNE 6 (legislative day, MAY 2), 1955.—Ordered to be printed

Mr. LEHMAN, from the Committee on Labor and Public Welfare, submitted the following

REPORT

[To accompany H. R. 5177]

The Committee on Labor and Public Welfare, to whom was referred the bill (H. R. 5177) to authorize the Administrator of Veterans' Affairs to reconvey to Richland County, S. C., a portion of the Veterans' Administration Hospital Reservation, Columbia, S. C., having considered the same, report favorably thereon without amendment, and recommend that the bill do pass.

EXPLANATION OF THE BILL

H. R. 5177, as passed by the House, would authorize and direct the Administrator of Veterans' Affairs to transfer any land determined to be surplus at the Veterans' Administration hospital at Columbia, S. C., to Richland County, S. C., without consideration. Section 2 of the bill authorizes the inclusion in the deed of conveyance of such terms, conditions, and reservations as may be determined by the Administrator as necessary to protect the interest of the United States.

On May 8, 1931, the Governor of South Carolina approved an act enacted by the general assembly of the State permitting the county of Richland, S. C., to convey to the United States without consideration 200 acres as a site for this hospital. The record shows that the tract was acquired by the county at a cost of approximately $72,000. Subsequently, a hospital was erected on this site and the Veterans' Administration is today operating a hospital predominantly of the general-medical and surgical type.

Since 1939, approximately 110 acres of this 200-acre tract have been leased for farming purposes. The current lease, covering July 1, 1954, through June 30, 1957, is based on the consideration of $241 per annum and contains a 30-day cancellation clause. After the most

recent renewal of this lease a survey of the needs and requirements of the Columbia Veterans' Administration hospital was made which shows that approximately 110 acres of the hospital reservation is in excess of the present and foreseeable future requirements of the hospital.

No additional appropriation of Government funds will be required by the passage of this legislation.

The report of the Veterans' Administration on this bill is as follows:

MAY 6, 1955.

Hon. LISTER HILL,
Chairman, Committee on Labor and Public Welfare,
United States Senate, Washington 25, D. C.

DEAR SENATOR HILL: Further reference is made to your letter of April 21, 1955, requesting a report by the Veterans' Administration relative to H. R. 5177, 84th Congress, an act to authorize the Administrator of Veterans' Affairs to reconvey to Richland County, S. C., a portion of the Veterans' Administration Hospital Reservation, Columbia, S. C., which bill passed the House of Representatives on April 18, 1955.

The bill proposes to authorize and direct the Administrator of Veterans' Affairs to reconvey to Richland County, S. C., without consideration, all right, title, and interest of the United States in and to a tract of approximately 110 acres of land, constituting a portion of the reservation of the Veterans' Administration hospital, Columbia, S. C., lying west of the main hospital buildings. The bill provides that the exact legal description of the land to be conveyed shall be determined by the Administrator or his designate and in the event that a survey is required in order to make such determination, Richland County shall bear the expense thereof. Section 2 states that the deed of conveyance may contain such terms, conditions, reservations, and restrictions as may be determined by the Administrator to be necessary to protect the interests of the United States.

Pursuant to authorization enacted by the General Assembly of the State of South Carolina, which was approved by the Governor on May 8, 1931, the county of Richland, S. C., conveyed to the United States, without consideration, approximately 200 acres of unimproved land, as a site for a Veterans' Administration hospital. Information of record discloses that the tract was acquired by the county at a cost of approximately $72,000. The Veterans' Administration subsequently constructed a hospital on the land, which it is presently operating as a 540-bed hospital with a preponderance of general medical and surgical patients.

Since 1939, approximately 110 acres of the 200-acre tract, which are unimproved, have been leased for farming purposes. The current lease, covering the period July 1, 1954, through June 30, 1957, is based on a consideration of $241 per annum, and contains a 30-day cancellation clause.

After the most recent renewal of the lease, a study of the land requirements at the Columbia hospital was made which resulted in a determination that approximately 110 acres of the hospital reservation (substantially the same tract as that currently under lease) is in excess of the present and foreseeable future requirements of the hospital. However, since legislation (S. 3797 and H. R. 10061) designed to direct the conveyance of any such excess land to Richland County was introduced late in the 83d Congress and there was accordingly limited opportunity for its consideration, I directed that the actual declaration of this land to the General Services Administration as excess to our needs be withheld until the end of the first session of the 84th Congress. It was felt that such action would afford the Congress an adequate opportunity to consider the matter. H. R. 5177 would authorize the conveyance of the 110 acres of excess land to Richland County.

As indicated above, section 2 of the bill, if enacted, would authorize the inclusion in the deed of conveyance of such terms, conditions, reservations, and restrictions as the Administrator of Veterans' Affairs determines to be necessary to protect the interests of the United States. This language would enable the Veterans' Administration to impose restrictions which would preclude the use of reconveyed land in a manner inimical to the proper and effective operation of the Veterans' Administration hospital located on a contiguous tract of land. If the bill is enacted, it is anticipated that one of the terms to be incorporated in the deed, pursuant to the provision, will be a requirement that Richland County either relocate, along the new boundary of the hospital reservation, the fence which is presently situated on 3 sides of the 110-acre tract, or in the alternative, erect a new fence of comparable quality along such boundary. I am informed that it

may not be practical to move the existing fence since it is erected on steel posts set in masses of concrete, below grade, and that it is estimated a new fence of approximately 3,500 feet in length would cost about $11,000.

Under date of March 17, 1955, the Veterans' Administration furnished a report to your committee with respect to S. 201, 84th Congress, which bill also pertained to reconveyance to Richland County of excess land at the Veterans' Administration Hospital, Columbia, S. C. That report pointed out that S. 201 was considered too broad, but advised that the Veterans' Administration would interpose no objection to its favorable consideration if amended in accordance with an enclosed draft of amendments designed to limit the scope of the bill. H. R. 5177 embodies the amendments suggested by the Veterans' Administration.

Since the 110 acres in question were donated by Richland County and are excess to the needs of the Veterans' Administration, and in view of the protective provisions authorized by section 2 of the bill, the Veterans' Administration would interpose no objection to the favorable consideration of H. R. 5177.

Advice has been received from the Bureau of the Budget that there would be no objection to the submission of this report to your committee.

Sincerely yours,

JOHN S. PATTERSON,
Deputy Administrator
(For and in the absence of the Administrator)

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UNIVERSITY OF MICHIGAN LIBRARIES

Calendar No. 469

84TH CONGRESS, 1st Session } SENATE { REPORT No. 466

EXTENDING THE TIME FOR FILING APPLICATION BY CERTAIN DISABLED VETERANS FOR PAYMENT ON THE PURCHASE PRICE OF AN AUTOMOBILE OR OTHER CONVEYANCE

JUNE 6 (legislative day, MAY 2), 1955.—Ordered to be printed

Mr. LEHMAN, from the Committee on Labor and Public Welfare, submitted the following

REPORT

[To accompany H. R. 5089]

The Committee on Labor and Public Welfare, to whom was referred the bill (H. R. 5089) to extend the time for filing application by certain disabled veterans for payment on the purchase price of an automobile or other conveyance, to authorize assistance in acquiring automobiles or other conveyances to certain disabled persons who have not been separated from the active service, and for other purposes, having considered the same, report favorably thereon with amendments, and recommend that the bill, as amended, do pass.

The amendments are as follows:

(1) On page 2, strike out lines 20 to 25, inclusive.

(2) On page 3, strike out lines 1 to 6, inclusive.

(3) Amend the title to read as follows:

A bill to extend the time for filing application by certain disabled veterans for payment on the purchase price of an automobile or other conveyance, and for other purposes.

EXPLANATION OF AMENDMENTS

The effect of the amendments would be to deny the payment of $1,600 toward the purchase price of an automobile to persons who have not yet been discharged from the active service.

EXPLANATION OF THE BILL

The purposes of this bill are: First, to extend the period for making application for assistance in obtaining the $1,600 payment on an automobile or other conveyance under Public Law 187 of the 82d Congress by 2 additional years; second, to extend this benefit to a veteran meeting the basic eligibility requirements whose qualifying disability oc-

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curred subsequent to his discharge and who makes application within 3 years after the occurrence of the disability; and third, to give a veteran whose disability was not adjudicated as service connected until long after discharge or perhaps after the expiration of the basic time for filing, at least 1 year in which he may file.

Section 5 of Public Law 187 provides that benefits shall not be available to any veteran who has not made application within 3 years after the effective date of the act (October 20, 1951) or within 3 years after the date of the veteran's discharge.

This bill would amend the section to substitute the words "five years" for "three years" in each instance.

The present law provides that each eligible veteran shall be entitled to receive a grant of $1,600 toward the purchase of an automobile where the veteran is entitled to compensation because he has lost or lost the use of one or both hands, one or both feet, or permanent impairment of vision of both eyes.

An example of the second purpose of the bill is the veteran who is discharged with an injury to one of his feet. Treatment is given over a number of years, but eventually amputation is directed by the physician. The time for filing may have expired or nearly so. This provision would grant such a veteran 3 years from the date of the occurrence of the required disability to file for his grant toward the purchase of a car.

The third purpose is best illustrated by a veteran whose case was not adjudicated or allowed by the Board of Veterans' Appeals until after the basic time for filing for a car had expired. This bill would give the veteran 1 year from the date the disability is determined to be service connected to file for a car.

The Veterans' Administration has been unable to present any estimate of cost, but it is believed by the committee to be comparatively small. As of December 31, 1954, over 42,000 grants had been made under this program.

History of Automobiles and Other Conveyances for Disabled Veterans

Public Law 663, 79th Congress, August 8, 1946.—First Supplemental Appropriation Act, 1947, appropriated $30 million to enable the Administrator of Veterans' Affairs to provide an automobile or other conveyance, at a cost per vehicle or conveyance of not to exceed $1,600, including equipment with such special attachments and devices as the Administrator may deem necessary for each veteran of World War II, who is entitled to compensation for the loss, or loss of use, of one or both legs at or above the ankle under the laws administered by the Veterans Administration.

Public Law 161, 80th Congress, July 3, 1947.—Emergency Appropriation Act, 1948, authorized the Administrator of Veterans' Affairs to disburse during the month of July 1947 one-twelfth of the amount provided in each appropriation for the Veterans' Administration included in H. R. 3839, 80th Congress (which became the Independent Offices Appropriation Act, 1948, Public Law 269, 80th Cong.), as passed by the House of Representatives, and appropriated such amounts as necessary for such disbursements, the amounts to be deducted from the appropriation for 1948, when H. R. 3839 was enacted into law. The authority and funds provided in the First Supplemental Appropriation Act, 1947, for automobiles and other conveyances for disabled veterans were continued available until June 30, 1948.

Public Law 271, 80th Congress, July 30, 1947.—The Supplemental Appropriation Act, 1948, appropriated to the Veterans' Administration an additional amount for "Automobiles and other conveyances for disabled veterans" of $5 million to be available for the purposes specified under this head in the act of August 8, 1946 (Public Law 663, 79th Cong.).

Public Law 785, 80th Congress, June 25, 1948.—Second Deficiency Appropriation Act, 1948, appropriated for the Veterans' Administration an additional amount of $1,500,000 for "Automobiles and other conveyances for disabled veterans" to be derived by transfer from the appropriation, "Administration, medical, hospital and domiciliary services," to be available until June 30, 1949, for the purposes specified under this head in the act of August 8, 1946 (Public Law 663, 79th Cong.), as extended by the Emergency Appropriation Act, 1948 (Public Law 161, 80th Cong.).

Public Law 904, 80th Congress, August 13, 1948.—This act cited as the "Supplemental Appropriation Act, 1949," appropriated to the Veterans' Administration an additional amount for "Automobiles and other conveyances for disabled veterans," of $5 million.

Public Law 343, 81st Congress, October 10, 1949.—This act, cited as the "Third Deficiency Appropriation Act, 1949," continued available to the Veterans' Administration, until June 30, 1950, the funds theretofore appropriated for "Automobiles and other conveyances for disabled veterans."

October 31, 1949.—President withheld approval of S. 2115, 81st Congress, to authorize the payment of not to exceed $1,600 on the purchase price of an automobile or other conveyance for any veteran of World War I or World War II entitled to compensation under laws administered by the Veterans' Administration for the loss, or loss of use, of one or both hands or feet or for defective vision to a prescribed degree.

Public Law 752, 81st Congress, September 2, 1950.—Made emergency appropriations for fiscal year 1951, pending enactment of H. R. 9526, Supplemental Appropriation Act, 1951. As passed by the House, H. R. 9526 provided $300,000 for "Automobiles and other conveyances for disabled veterans."

Public Law 798, 81st Congress, September 21, 1950.—Authorized an appropriation of $800,000 to remain available until June 30, 1951, for payments by the Administrator of Veterans' Affairs of not to exceed $1,600 for the purchase, or toward the purchase if the price should exceed that amount, of automobiles or other conveyances by World War II veterans entitled to compensation under laws administered by the Veterans' Administration for the loss, or loss of use, of one or both legs at or above the ankle.

Public Law 843, 81st Congress, September 27, 1950.—Supplemental Appropriation Act, 1951, provided $375,000 for "Automobiles and other conveyances for disabled veterans."

Public Law 45, 82d Congress, June 2, 1951.—Third Supplemental Appropriation Act, 1951.—Automobiles: To enable the Administrator to provide, or assist in providing, automobiles or other conveyances for disabled veterans as authorized by the act of September 21, 1950 (Public Law 798, 81st Cong.), $800,000.

October 18, 1951.—President vetoed S. 1864, 82d Congress.—Veto was overridden and bill became Public Law 187.

Public Law 187, 82d Congress, October 20, 1951.—Authorized the Administrator of Veterans' Affairs to provide or assist in providing an automobile or other conveyance for each veteran of World War II, and each person who served on or after June 27, 1950, and before a date to be fixed by the President or the Congress, who is entitled to compensation under laws administered by the Veterans' Administration for the loss, or permanent loss of use, of 1 or both feet, or 1 or both hands, or for permanent visual impairment of both eyes, to a prescribed degree. Provision is made by which the payment toward purchase may be made, in the case of a veteran otherwise qualified who cannot drive, on an automobile to be driven for him by another person. Payment not to exceed $1,600 shall be made on the purchase price to the seller. Application must be made within 3 years after effective date of enactment of act (October 20, 1951) or 3 years after date of separation from active service, whichever is later.

Public Law 375, 82d Congress, June 5, 1952.—Third Supplemental Appropriation Act, 1952. Chapter VII, Independent Offices: Veterans' Administration: Automobiles and other conveyances for disabled veterans (authorized by Public Law 187, 82d Cong.), $25,000,000.

Public Law 455, 82d Congress, July 5, 1952.—Independent Offices Appropriation Act, 1953. Veterans' Administration: Automobiles and other conveyances for disabled veterans, $5,000,000.

Proclamation 3080, dated January 1, 1955.—Fixed the date of February 1, 1955, as the date prior to which veterans of service on or after June 27, 1950, must have served in order that the Administrator of Veterans' Affairs may provide or assist in providing such persons automobiles or other conveyances.

The report of the Veterans' Administration on this bill is as follows:

VETERANS' ADMINISTRATION,
Washington, D. C., May 13, 1955.

Hon. LISTER HILL,
Chairman, Committee on Labor and Public Welfare,
United States Senate, Washington 25, D. C.

DEAR SENATOR HILL: This is in further reference to your request for a report on H. R. 5089, 84th Congress, an act to extend the time for filing application by certain disabled veterans for payment on the purchase price of an automobile or other conveyance, to authorize assistance in acquiring automobiles or other conveyances to certain disabled persons who have not been separated from the active service, and for other purposes.

The purposes of the bill are: (1) To extend the general period for making application by a veteran for assistance in obtaining the $1,600 payment on an automobile or other conveyance under Public Law 187, 82d Congress, by an additional 2 years; (2) to provide at least 3 years for making application where the service-connected loss or loss of use of one or both hands or feet or permanent impairment of vision does not occur until after discharge or release from active service; (3) to provide at least 1 year in which to make application in the case of a veteran whose entitlement to compensation for the qualifying disability was not determined until long after discharge; and (4) to extend the benefits provided under Public Law 187 to certain veterans of World War II or of the Korean conflict service period having the required disabilities who remained in the active service without being discharged since the disability was incurred.

Section 5, Public Law 187, 82d Congress, provides that benefits thereunder shall not be available to any veteran who has not made application within 3 years after the effective date of the act (October 20, 1951), or within 3 years after the date of the veteran's discharge or release from active service, if he is not discharged or released until on or after said effective date. The bill would amend this section to substitute "five years" for "three years" in each instance. As to those who were separated from service on or prior to October 20, 1951, this amendment would afford an additional 2 years from the present deadline of October 20, 1954, for filing application. As to those discharged subsequent to October 20, 1951, the required period of 3 years from date of discharge for filing application would be extended by an additional 2 years, applying on a continuing basis to those heretofore or hereafter discharged from military service.

In considering this feature of the bill, the committee will recall that the successive provisions affecting World War II veterans which were enacted prior to Public Law 187, beginning with Public Law 663, 79th Congress, covered in each instance a temporary period of 1 fiscal year. The program was broadened by Public Law 187 to place it on a permanent basis, to include veterans of the period beginning June 27, 1950, and to extend the disability classes to include loss or permanent loss of use of one or both hands and permanent impairment of vision of both eyes along with loss or permanent loss of use of one or both feet. The service period beginning June 27, 1950, was terminated on January 31, 1955, for the purposes of this law and certain other laws, by proclamation of the President issued January 1, 1955.

The 3-year period for filing application as provided by Public Law 187 had the effect of granting to previously discharged veterans of World War II, who could qualify on the basis of loss or loss of use of one or both legs at or above the ankle as required by the prior laws, a period of 3 years in addition to such period after discharge as had been available under earlier laws. This added time affected relatively few veterans since the great majority of those World War II veterans, who qualified on the basis of leg disablity, had already applied for and received this assistance and could not receive it a second time under the new law. As to all others, including World War II veterans claiming on the basis of disability of an upper extremity, the liberalized definition of loss or loss of use of a lower extremity, or impairment of vision, as well as veterans of the Korean conflict period claiming on the basis of any of the 3 classes of disability, the 3-year period prescribed by Public Law 187 represented the total time made available for this purpose.

Since this program of rehabilitative assistance had been geared to providing aid to severely disabled veterans in adapting themselves to their special problems in civilian life during the early period after discharge from the service in which the disability was incurred, it was apparently the determination of the Congress in enacting Public Law 187 that 3 years provided a liberal period within which the veteran could and should avail himself of this assistance. In any typical case

this should afford ample time, and the justification for the proposed general extension of the period for making application from 3 to 5 years is not apparent.

However, there have been unusual situations in which the service-incurred disability does not progress to the point of amputation or loss of use or the required impairment of vision within the basic 3-year period. This type of situation can also occur beyond the 5-year period if the overall extension should be enacted. The bill would take cognizance of this problem through the language of the exception stated in lines 7 through 12 on page 2. It would assure that in the case of any veteran whose qualifying condition shall have matured subsequent to discharge from active service application for the benefit could be made within 3 years after such event.

From an administrative standpoint it may be expected that some difficulty would be encountered as a result of this last-mentioned feature of the bill in those instances in which it might be necessary to establish the exact date on which the veteran's disability attained the required status as a basis for applying the 3-year time limit for filing claim. This would be comparatively simple in the case of a service-connected disability resulting in amputation following discharge from service. However, the determination as to precisely when a permanent loss of use of the hand or foot occurred could easily be fraught with uncertainties in specific cases. A similar problem could be presented where the visual impairment occurred after separation from service. However, notwithstanding the foregoing considerations, it is believed that the equities in favor of the group affected outweigh the administrative problems involved, particularly when it is realized that these cases will be few in number and the determination of whether the condition arose within the 3 years prior to filing claim would not ordinarily require a finding of the precise date on which the disability attained the required status.

The bill would also provide for the unusual type of case in which final administrative determination that the individual was entitled to compensation for the required type of disability has not been made until long after separation from service and perhaps even after the expiration of the basic time limitation for making application. This is covered by the provision (lines 13 to 19, p. 2) that notwithstanding the basic time limits an otherwise eligible veteran would not be denied assistance in obtaining an automobile who makes his application within 1 year from the date on which his entitlement to compensation for the required condition shall have been determined. It is believed that this provision is a meritorious one and will assure that persons who are equitably entitled to the benefits have a reasonable opportunity to qualify for the same after they have met the basic requirement of establishing entitlement to compensation. Relatively few cases will present this kind of situation.

Section 2 of the bill would amend Public Law 187 to renumber section 6 as section 7 and to insert into the act a new section 6 which reads as follows:

"SEC. 6. Any person in the active service who has a condition as specified in section 1 which was due to disability incurred or aggravated in line of duty in the active military, naval, or air service during one of the periods specified in section 1, and who has remained in the active service since sustaining such disability, shall be entitled to the benefits of this Act subject to the other applicable provisions, except that application under this section must be made within one year after the effective date of this amendment."

This is designed to extend assistance in purchasing a suitably equipped vehicle to persons who have suffered the required loss, or loss of use, of one or both hands or feet, or the prescribed impairment of vision of both eyes, in connection with service during World War II or the Korean conflict period but who cannot qualify for this benefit because they have remained in the active service continuously and have not attained the required veteran status by discharge or other release. This would obviously cover a very small number of persons now in the service, and they would be required to make application within 1 year from the effective date of this amendment if they desire to avail themselves of this benefit while thus remaining in the active service.

The proposed section 6 would represent a sharp departure from the underlying objective of the existing and prior legislative enactments in this field. One reason for the several extensions of the original 1-year program for the World War II group was to keep it open until a few who had remained in military hospitals could be discharged and thus acquire eligibility as veterans. The subject proposal would enable the group affected, however limited in number, to obtain for themselves a type of assistance which was established to meet the rehabilitative and readjustment needs of those who have left the service. Some of the small number involved

might be members of the Regular Establishment, following military service as a career, and might not be retired or separated until after the lapse of several years. All beneficiaries under this section would be accorded the proposed payment of $1,600 on the purchase price of a conveyance in addition to the full military pay and allowances which they receive while in the active service.

These same persons are not in a position of being deprived under the present law of their ultimate right to receive this benefit. Like those who may have been separated shortly after the occurrence of the required disability, persons who are retained on active duty notwithstanding the disability still have 3 years after their discharge or separation date within which to apply as veterans under the law as it now stands.

It may be added that enactment of this amendment could be invoked as a precedent for extending some other types of benefits administered by the Veterans' Administration in behalf of veterans to persons who have remained continuously in the service, including members of the Regular Establishment. This proposal could therefore be costly as a precedent, as well as being directly inconsistent with the traditional policy of the Congress.

The Veterans' Administration is not possessed of data from which to determine the additional number of persons who could and would avail themselves of the right to apply for assistance in acquiring an automobile or other conveyance by reason of the proposed extensions of the time for making application. Neither can we estimate the number who might be covered by the proposed inclusion of certain persons who have continued in the active service. Accordingly, no estimate of the cost of the proposal, if enacted, can be presented.

In conclusion, it is believed that as a general limitation the existing 3-year period for making application for this benefit is adequate and that there is no apparent justification for extending this overall period. However, the special provisions of the bill affording additional time for veterans whose qualifying disability does not occur until after separation from the service and for veterans whose entitlement to compensation for the disability is established long after discharge would appear to merit the favorable consideration of the committee.

Since it is felt that the proposal in section 2 to extend this program to persons who have remained in the active service is incompatible with the basic objectives of Public Law 187, 82d Congress, and with the sound policy upon which the present system of veterans' benefit programs is based, the Veterans' Administration is unable to recommend that it be favorably considered by the committee.

It is understood that the Bureau of the Budget is submitting to the committee a communication with respect to this proposed legislation and its relationship to the program of the President.

Sincerely yours,

H. V. HIGLEY, *Administrator.*

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

[PUBLIC LAW 187—82D CONGRESS]

AN ACT To authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, subject to the conditions hereinafter set forth, the Administrator of Veterans' Affairs is authorized and directed, under such regulations as he shall prescribe, to provide or assist in providing an automobile or other conveyance by paying not to exceed $1,600 on the purchase price, including equipment with such special attachments and devices as the Administrator may deem necessary, for each veteran of World War II or of service on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress, who is entitled to compensation under the laws administered by the Veterans' Administration for any of the following due to disability incurred in or aggravated by active military, naval, or air service of the United States during either of such periods:

(a) Loss or permanent loss of use of one or both feet;
(b) Loss or permanent loss of use of one or both hands;
(c) Permanent impairment of vision of both eyes of the following status: Central visual acuity of 20/200 or less in the better eye, with corrective glasses, or central visual acuity of more than 20/200 if there is a field defect in which the peripheral field has contracted to such an extent that the widest diameter of visual field subtends an angular distance no greater than twenty degrees in the better eye.

SEC. 2. No payment shall be made under this Act for the repair, maintenance, or replacement of any such automobile or other conveyance and no veteran shall be given an automobile or other conveyance until it is established to the satisfaction of the Administrator that such veteran will be able to operate such automobile or other conveyance in a manner consistent with his own safety and the safety of others and will be licensed to operate such automobile or other conveyance by the State of his residence or other proper licensing authority: *Provided*, That a veteran who cannot qualify to operate a vehicle shall nevertheless be entitled to the payment of not to exceed $1,600 on the purchase price of an automobile or other conveyance, as provided in section 1 of this Act, to be operated for him by another person, provided such veteran meets the other eligibility requirements set forth in this Act.

SEC. 3. The furnishing of such automobile or other conveyance, or the assisting therein, shall be accomplished by the Administrator paying the total purchase price, if not in excess of $1,600, or the amount of $1,600, if the total purchase price is in excess of $1,600, to the seller from whom the veteran is purchasing under sales agreement between the seller and the veteran.

SEC. 4. No veteran shall be entitled to receive more than one automobile or other conveyance under the provisions of this Act and no veteran who has received or who hereafter receives an automobile or other conveyance under the provisions of the paragraph under the heading "Veterans' Administration" in the First Supplemental Appropriation Act, 1947, as extended, or the Act of September 21, 1950 (Public Law 798, Eighty-first Congress), shall be entitled to receive an automobile or other conveyance under the provisions of this Act.

SEC. 5. The benefits provided in this Act shall not be available to any veteran who has not made application for such benefits to the Administrator within [three] *five* years after [the effective date of this Act] *October 20, 1951*, or within [three] *five* years after the date of the veteran's discharge or release from active service if the veteran is not discharged or released until on or after [said effective date.] *October 20, 1951; except that in the case of any veteran whose loss or permanent loss of use of one or both feet, or one or both hands, or permanent impairment of vision, as specified in section 1, shall have occurred subsequent to his discharge or release from active service, application may be made within three years after the occurrence of such disability. Notwithstanding the foregoing time limits, no otherwise eligible veteran shall be denied the benefits of this Act who makes application within one year from the date on which his entitlement to compensation for loss or permanent loss of use of one or both feet, or one or both hands, or permanent impairment of vision, as specified in section 1, shall have been determined.*

SEC. 6. There is hereby authorized to be appropriated to the Veterans' Administration, out of any moneys in the Treasury not otherwise appropriated, such sums as may be required to carry into effect the provisions of this Act.

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